
Education Appropriations Committee

HB 1774

Brief Description: Excluding certain state forest land revenues from the basic education allocation.

Sponsors: Representatives Haigh, Armstrong, Van De Wege, Morris, Blake, Orcutt and Kristiansen.

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| <p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Prohibits the deduction of revenues generated from the sale of timber on state-owned land from the state's general apportionment allocations to school districts. |
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Hearing Date: 2/11/09

Staff: Ben Rarick (786-7349)

Background:

There are two types of state-owned forest lands that generate revenues for public schools through the sale of timber: forest board transfer lands, and forest board purchase lands. Forest board transfer lands are held as trust lands and administered by the Department of Natural Resources (DNR). The state may not sell these lands; however, the lands may be leased, and timber and other products from the land may be sold. When a revenue-generating activity such as a timber sale occurs on the lands, the department may retain up to 25 percent of the proceeds in the Forest Development Account (FDA) for administration, reforestation, and protection of the forests. The balance of the revenue goes to the respective counties and is distributed to the public schools and other entities in proportion to existing tax levies in the taxing district. Forest board transfer lands generated approximately \$49 million in revenue for counties in 2008.

In contrast, forest board purchase lands are acquired by the state by either purchase or gift. Sale of timber from these lands also generates funding for public schools; however the distribution mechanism is different. The DNR retains 50 percent from sale proceeds in the FDA, and then the other half is divided between the state general fund for the support of common schools, and

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the respective county. Forest board purchase lands generated about \$3 million in revenue for counties in 2008.

The portion of these timber revenues sent to school districts is deducted from state general apportionment funding for K-12 education. Therefore, to the impacted school districts, increasing or decreasing timber sales from state forest board lands is primarily a revenue neutral event. Revenue for public schools generated by these two types of state property holdings is projected at approximately \$30 million for the 2009-11 biennium.

Summary of Bill:

The bill would prohibit the deduction of revenues generated from the sale of timber on state forest board lands from the state general apportionment payments to school districts. Instead, school districts would retain the timber revenue funds generated in their county in addition to their general apportionment funding. The net effect is an increase in the cost of the general apportionment program, and an increase in general apportionment revenue to school districts currently receiving revenues from timber sales.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.